

Grand Rapids company helped create employer resource network

The model, which has proven successful at retaining workers, has been replicated across the state.

By [Lindsay VanHulle](#)

In the early 1990s, Fred Keller asked a machine operator at his Grand Rapids-area engineering firm who had a background in social work if it was possible to hire local homeless residents or welfare recipients.

At the time, **Cascade Engineering Inc.** wasn't facing a labor shortage. Keller, the company's founder and chairman, says he was motivated more by a desire to demonstrate that business could be part of a solution to lift people out of poverty.

A van pool was deployed to pick up a half dozen people from Grand Rapids' Heartside neighborhood, just south of downtown, and bring them to Keller's firm several miles away in Kent County's Cascade Township. But within a few months, virtually all of the new hires were gone.

"We weren't prepared to receive them," Keller says, "and they weren't prepared to work."

In some ways, Keller's early vision laid the foundation for what today is called an employer resource network, a regional partnership of companies that provides wraparound services to vulnerable workers to boost retention rates.

Cascade Engineering, which specializes in plastic injection molding, later would contract with a state caseworker who worked at the plant, Keller said. In the early 2000s, that project became the state's first employer resource network, partly because other firms were interested in what Cascade was doing.

The model has been replicated across the state — in Kalamazoo and Battle Creek, in Flint and Saginaw and now in Southeast Michigan. Companies jointly hire a caseworker who visits each participating workplace and meets confidentially with employees.

It has proven successful at retaining workers, particularly in industries like manufacturing that pay lower wages and require less education. The program dovetails with the **United Way's** ALICE report, released last year to identify barriers Michigan's working poor face in meeting basic needs.

Making it work for workers: Employers aim to retain low-income employees, improve bottom line

At Cascade, monthly turnover fell from 40 percent to 3 percent in about four years, Keller said. Cascade

pays about \$30,000 per year to participate in the network.

Typical employer contributions range from \$5,000 to \$20,000, depending on how many companies join, how many workers receive services and the types of services offered, said Duane Berger, chief deputy director and COO with the **Michigan Department of Health and Human Services**, who promotes the networks statewide.

"What we're doing here is marketing best practices," Berger said. "This is not a government solution. This is a business solution."

The human services caseworker, called a success coach, is the primary up-front cost at roughly \$60,000, Berger said.

Member employers decide locally what services to offer. They can include bus fare or gas cards, training, second-shift day care, budget counseling and even access to loans.

Workforce impact

National human resources experts peg the average cost of losing a single worker at \$3,400. Yet most companies don't know their own turnover costs, Berger said.

Nor do many know ALICE's impact on their workforce, he said. Berger said an employer once said he didn't have any workers fitting the ALICE description until he looked closer at starting wages.

Employers sometimes say turnover is the cost of doing business, Berger said. He wants to show C-suite executives that the initial investment lowers costs.

"You're asking them to invest financially, and you would think they would balk at that, but they're not," said Keith Bennett, a program director with **Goodwill Industries of Greater Detroit**, who is starting a resource network in Wayne County.

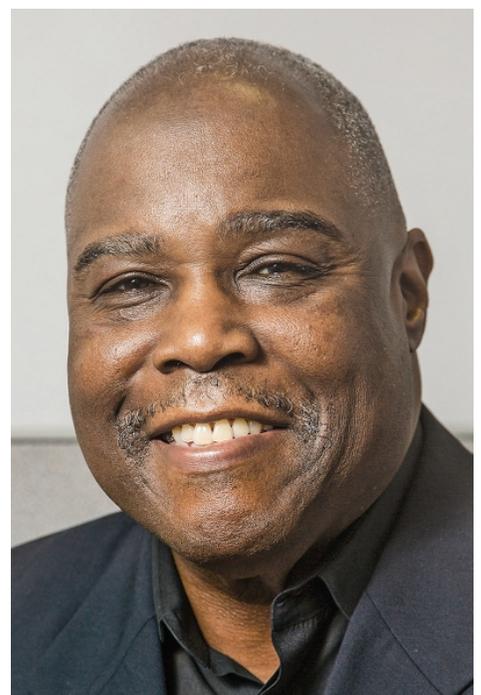
Attracting interest

The Wayne County effort started coming together this past spring.

So far, four employers have signed on — **Detroit Manufacturing Systems LLC**, a joint venture between Wayne-based **Rush Group** and French auto supplier **Faurecia SA**; **Integrated Manufacturing & Assembly** in Detroit; **Detroit Chassis LLC**; and **HBF APU JV LLC**, a joint venture between Atlanta-based **Hojeij Branded Foods** and its Detroit partner, **AP United LLC**, that operates restaurants at **Detroit Metropolitan Airport**.

The program has a \$760,000 budget, Bennett said. He said he is in talks with as many as four other employers about joining.

A social worker typically spends two days per week at each participating employer, he said. The goal: To help low-income workers, including ALICE, achieve financial stability and move up



the career ladder.

Keith Bennett

Organizers also want to change ALICE's mindset toward work. If an employee starts a new job but much of the early paychecks go to pay overdue utility bills, Bennett said, "you don't see the value of that job."

In Pontiac, the **Oakland Livingston Human Service Agency** is creating a similar employer resource network that will serve Oakland County.

Coastal Automotive in Rochester Hills is committed. Organizers are recruiting more firms.

In Saginaw, for instance, a day care provider agreed to stay open 24 hours to watch children of second- and third-shift manufacturing workers, said James Durian, director of the state's Community Ventures program, which connects workers receiving public assistance with services and is involved with the Detroit-area resource networks.

"We can only do that because these big companies came to the table," Durian said.

Return on investment

Organizers are studying the networks' results as they prepare to take the concept to more cities.

The **W.E. Upjohn Institute for Employment Research** in Kalamazoo received a five-year, \$3 million federal grant to expand a Southwest Michigan employer resource network and evaluate its success.

The grant will help the program grow from 10 companies to 35, said Scott Cubberly, a grant project manager with Upjohn and **Michigan Works Southwest**, which serves Branch, Calhoun, Kalamazoo and St. Joseph counties.

The evaluation will quantify the program's return on investment and use the results to expand the networks, he said. There is data to indicate some early success.

Eight in 10 low-income workers who receive loans continue to save once the funds are repaid, said James Vander Hulst, president of **West Michigan TEAM**, a nonprofit that acts as the fiscal agent for west-side ERNs. Participating employers' retention rate is 98 percent.

The Source, the Grand Rapids resource network that includes Cascade Engineering, started in 2003 with seven employers, executive director Mindy Ysasi said. It now has 15 mostly small to medium-sized manufacturers.

Keller, of Cascade Engineering, said his firm's supervisors didn't fully buy in until they were put through a poverty simulation. That dispelled misperceptions that low-income workers are lazy.

"When you're in a middle-class environment, you'd kind of expect the folks to be able to handle that situation on their own," he said. "What we learned is they needed some assistance in the early stages to learn what needed to be done."

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